

STATE OF INDIANA

**STATE COMMUNITY DEVELOPMENT BLOCK GRANT
(CDBG) PROGRAM (CFDA: 14-228)**

**INDIANA OFFICE OF COMMUNITY AND RURAL AFFAIRS
FY 2019 PROGRAM DESIGN AND METHOD OF DISTRIBUTION
AMENDMENT – MARCH**

THIS IS AN AMENDMENT TO THE FY 2019 METHOD OF DISTRIBUTION FOUND IN INDIANA'S 2019 ACTION PLAN. PROGRAMS, CRITERIA, AND POLICIES NOT LISTED WITHIN CONTINUE AS-IS. THIS AMENDMENT IS TO ADDRESS THE IMPACTS ON SMALL AND RURAL COMMUNITIES BY THE COVID-19 PANDEMIC AND MEET DIRECTIVES OUTLINED IN EXECUTIVE ORDERS ISSUED BY THE GOVERNOR.

GENERAL BACKGROUND INFORMATION AND NATIONAL CDBG OBJECTIVES

The State of Indiana, through the Indiana Office of Community and Rural Affairs, assumed administrative responsibility for Indiana's Small Cities Community Development Block Grant (CDBG) Program in 1982, under the auspices of the U.S. Department of Housing and Urban Development (HUD). In accordance with 570.485(a) and 24 CFR Part 91, the State must submit a Consolidated Plan to HUD by May 15th of each year following an appropriate citizen participation process pursuant to 24 CFR Part 91.325, which prescribes the State's Consolidated Plan process as well as the proposed method of distribution of CDBG funds for 2019.

The State of Indiana's allocation of federal Community Development Block Grant (CDBG) funds for FY 2019 is \$49,312,402.

This document applies only to funds allocated to the COVID-19 Response Program which is funded through the federal Small Cities CDBG funds allocated by HUD to the State of Indiana, through its Office of Community and Rural Affairs.

The primary objective of Indiana's Small Cities CDBG Program is to assist in the development and re-development of viable Indiana communities by using CDBG funds to provide a suitable living environment and expand economic opportunities, principally for low and moderate income persons.

Indiana's program will place emphasis on making Indiana communities a better place in which to reside, work, and recreate. Primary attention will be given to activities, which promote long term community development and create an environment conducive to new or expanded employment opportunities for low and moderate income persons.

The Office of Community and Rural Affairs will pursue this goal of investing CDBG wisely and all applicable strategic priorities by distributing CDBG funds in a manner, which promotes exploration of all alternative resources (financial and personnel) when making funding decisions respective to applications for CDBG funding.

PROGRAM AMENDMENTS

The Indiana Office of Community and Rural Affairs reserves the right to transfer up to twenty-five percent (25%) of each fiscal year's available allocation of CDBG funds (i.e. FY 2019 as well as prior-years' reversions balances) between the programs described herein in order to optimize the use and timeliness of distribution and expenditure of CDBG funds, without formal amendment of this Consolidated Plan.

The Office of Community and Rural Affairs will provide citizens and general units of local government with reasonable notice of, and opportunity to comment on, any substantial change proposed to be made in the use of FY 2019 CDBG as well as reversions and residual available balances of prior-years' CDBG funds. "Substantial Change" shall mean the movement between programs of more than twenty-five percent (25%) of the total allocation for a given fiscal year's CDBG funding allocation. The twenty-five percent (25%) does not include the reallocation of reverted funds. The Office of Community and Rural Affairs, in consultation with the Indianapolis office of the US Department of Housing and Urban Development (HUD), will determine those actions, which may constitute a "substantial change".

The State (OCRA) will formally amend its FY 2015 Consolidated Plan if the Office of Community and Rural Affairs' **Method of Distribution for FY 2019 and prior-years' funds** prescribed herein are to be significantly changed. The OCRA will determine the necessary changes, prepare the proposed amendment, provide the public and units of general local government with reasonable notice and opportunity to comment on the proposed amendment, consider the comments received, and make the amendment available to the public at the time it is submitted to HUD.

FY 2019 FUND DISTRIBUTION

Sources of Funds:

FY 2019 CDBG Allocation	\$30,644,288
CDBG-CV Allocation	\$18,668,114
CDBG Program Income	\$0
Total:	\$49,312,402

Uses of Funds:

1. Housing Programs (IHCDA)	\$ 3,064,428
2. Stellar Regions Program	\$ 4,000,000
3. Blight Clearance Program 2.0	\$ 0
4. Main Street Revitalization Program	\$ 1,200,000
5. Public Facilities Program	\$ 2,500,000
6. Storm Water Improvements Program	\$ 3,000,000
7. Wastewater/Drinking Water Improvements Program	\$11,000,000
8. Urgent Need Fund	\$ 0
9. Planning Fund	\$ 246,650
10. COVID-19 Response Program	\$23,300,000
11. Technical Assistance	\$ 280,000
12. Administration	<u>\$ 721,324</u>
Total:	\$49,312,402

METHOD OF DISTRIBUTION

The choice of activities on which the State (Office of Community and Rural Affairs) CDBG funds are expended represents a determination by Office of Community and Rural Affairs and eligible units of general local government, developed in accordance with the Office's CDBG program design and procedures prescribed herein. The eligible activities enumerated in the following Method of Distribution are eligible CDBG activities as provided for under Section 105(a) of the Federal Act, as amended.

All projects/activities funded by the State (Office of Community and Rural Affairs) will be made on a basis which addresses one (1) of the three (3) national objectives of the Small Cities CDBG Program as prescribed under Section 104(b)(3) of the Federal Act and 24 CFR 570.483 of implementing regulations promulgated by HUD. CDBG funds will be distributed according to the following Method of Distribution (program descriptions):

COVID-19 Response Program: \$ 23,300,000

The State of Indiana will set aside \$23,300,000 of its FY 2019 CDBG funds for the COVID-19 Response Program. The program is to address the immediate and long-term impacts of the COVID-19 pandemic on small and rural communities. In order to respond quickly this program's policies and processes have been adjusted by OCRA. Any adjustments made only apply to this program. There is no local match requirement for this program. Details of the program criteria are outlined below.

All projects funded by OCRA will be eligible for funding under a national objective of the Federal Act and requirements of 24 CFR 570.208 and 24 CFR 570.483 of applicable HUD regulations.

PROGRAM APPLICATION

Phase One (1) (*originally called Immediate Need*) of the grant program will start with eligible applicants submitting a Letter of Need. In the Letter of Need the applicant outlines the impact of their community, identifies the eligible activity they are proposing, and outline how they will accomplish that activity. Once received by OCRA, each applicant will be assigned an OCRA staff member to guide them through the application process. The applicant will work with the assigned individual to complete the application and administer any award grant funds. Grants will be awarded on a first come first serve basis and the program maybe discontinued at any point.

Phase Two (2) of the grant program will consist of a two-stage application process. Eligible applicants will first submit an abbreviated proposal. For each proposal, OCRA will work with the applicant on submission of an initial application that will then be reviewed and scored. Awards will be made on a competitive basis. The Office of Community and Rural Affairs, as applicable, will provide technical assistance to applicants in the development of their initial application.

An eligible applicant may submit only one application at a time. OCRA reserves the right to deny any request for grant funds if the applicant fails to provide items as requested, or their materials do not meet the minimum federal requires and program criteria.

COVID-19 RESPONSE PROGRAM SELECTION CRITERIA

The Office of Community and Rural Affairs (OCRA) will consider the following general criteria when evaluating a project for the COVID-19 program.

A. General Criteria for COVID-19 Response Program

1. The applicant must be a legally constituted general purpose unit of local government and eligible to apply for the state program.
2. The applicant must possess the legal capacity to carry out the proposed program.
3. If the applicant has previously received funds under CDBG, they must have successfully carried out the program. An applicant must not have any overdue closeout reports, State Board of Accounts audit findings or unresolved OCRA/IHCDA monitoring findings (where the community is responsible for resolution.) Any determination of “overdue” is solely at the discretion of the Indiana Office of Community and Rural Affairs.
4. An applicant must not have any overdue CDBG semi-annual Grantee Performance Reports, subrecipient reports or other reporting requirements of the OCRA/IHCDA. Any determination of “overdue” is solely at the discretion of the Indiana Office of Community and Rural Affairs.
5. The applicant must clearly show the manner in which the proposed activity will meet one of the following CDBG National Objectives and meet the criteria set forth under 24 CFR 570.483:
 - a. Benefit to LOW- and Moderate-Income Persons or Households
 - i. Area Benefit – the proposed activity benefits all residents in a defined area in which at least 51% of the residents are LMI persons. (Phase 1 Only)
 - ii. Limited Clientele – the proposed activity benefits a defined group of persons and at least 51% of those person are LMI persons. (Phase 1 Only)
 - iii. Job Retention – the proposed activity retains permanent jobs of which at least 51% are held or would be made available to LMI persons.
6. The applicant must show that the proposed activity is one of the following eligible activities or an eligible activity under the Act:
 - a. Public Facilities (Phase 1 only)
 - i. Convert a public facility for use as a testing, diagnosis, or treatment facility
 - ii. Rehabilitate a facility to centralize patients undergoing treatment
 - b. Public Services (Phase 1 only)
 - i. Provide testing, diagnosis, or other services at a fixed or mobile location
 - ii. Increase the capacity or availability of COVID-19 health services at an existing health facility
 - iii. Create a local delivery service for providing needed supplies (food, medicines, etc) to quarantined individuals that must maintain social distancing due to medical vulnerabilities or limitations
 - c. Economic Development
 - i. Provide grants to businesses as short-term working capital to retain jobs held by LMI persons and continue operations

- ii. Provide loans to businesses as short-term working capital to retain jobs held by LMI persons and continue operations (Requires an existing Revolving Loan Fund or similar financial instrument)
- 7. The applicant must first encumber/expend all CDBG program income receipts before applying for additional grant funds from the Office of Community and Rural Affairs;
- 8. To be eligible to apply at the time of application submission, an applicant must not have:
 - a. Any unresolved complaints filed against the applying party with the Indiana Civil Rights Commission or any other local human relations commission with jurisdiction (collectively “Commissions”)¹
 - i. A complaint during the investigation stage can be resolved for the purposes of this application if the applying party provides the response it submitted to the Commissions and provides verification that it is cooperating in the investigation.
 - ii. To resolve a complaint for the purposes of this application that has received a finding of Probable or Reasonable Cause, the complaint must be closed in a manner that includes the applying party taking a fair housing training and implementing a relevant policy to prevent future possible discriminatory incidents. The applying party need not take the training or implement the policy prior to the application being submitted if the applying party can provide proof that it intends to complete the training and implement the policy within a reasonable period of time. If a complaint has been closed and the closure did not include training or the implementation of a policy, then the applying party can elect to contact the Commissions to voluntarily complete training and have Commissions assist in the implementation of a relevant policy.
 - iii. To resolve a complaint that merits litigation, the applying party must submit evidence that the complaint cannot be settled (i.e. settlement ask too high etc.) and evidence that training and a policy are not the impediments to settlement. Possible evidence can include offer letters, statements of disputed legal questions, statements of disputed facts, statements on behalf of the Commissions that they are unwilling to settle the case, or any similar document that illustrates the case is not ripe for settlement.
 - b. An unresolved pattern of complaints filed against the applying party with the Indiana Civil Rights Commission or any other local human relations commission with jurisdiction (collectively “Commissions”)
 - i. A pattern for purposes of this application is defined as any more than an average of two complaints over a period of four years, regardless of outcome.

¹ If agreeable, it would be the Indiana Civil Rights Commissions obligation to provide timely responses as well as to provide data retrieved from other relevant local human relations commissions.

- ii. To resolve a pattern of complaints for purposes of this application, the applying party must partner with the Commissions or other equivalent housing organization to fully review the applying party's current policies for best practices as well as for compliance with the Indiana Fair Housing Act and Indiana Civil Rights Law. Additionally, the applying party must show proof that the applying party intends to undergo annual fair housing training for all of its employees that regularly interact with tenants and biannual training for all supervising employees for at least one year.
12. The applicant may only submit one application at a time. Counties may submit either for their own project or an "on-behalf-of" application for projects of other eligible applicants within the county. However, no application will be invited from an applicant where the purpose is clearly to circumvent the "one application per round" requirement for other eligible applicants.

PHASE TWO EVALUATION CRITERIA

400 POINTS TOTAL

Applications must achieve a minimum score of 175 points and pass threshold review to be eligible for funding.

DATA BASED FACTORS (200 POINTS):

- LMI % via Census Data – 60 pts
 - Max of 60 Points; 1% -> 1pt
 - Source: HUD LMISD ACS 5-year 2011-2015
- Education Attainment – 10 Pts
 - % of age 25 and over with some or no college
 - Less than 10% - 0 pts
 - 10% to 30% - 3 pts
 - 31% to 50% - 5 pts
 - 51% to 70% - 8 pts
 - More than 70% - 10 pts
 - Source: US Census 2018 ACS 5-year Table S1501
- Per Capita Income – 10 pts
 - County Per Capita Income as a % of Indiana's Per Capita Income
 - Greater than 90% - 0 pts
 - 90% to 70% - 5 pts
 - Less than 70% - 10 pts
 - Source: US Census 2018 ACS 5-Year Table S1902
- Labor Force Participation – 10 pts
 - Labor Force Participation % for the population over 16
 - Greater than 70% - 0 pts
 - 70% to 60% - 5 pts
 - Less than 60% - 10 pts
 - Source: US Census 2018 ACS 5-year Table S2301

- Local Match – Points for % of local funds to grant request 20 pts
- Weekly Continued Unemployment Claims for the County – 50 pts
 - Less than 500 – 0 pts
 - 500-999 – 10 pts
 - 1000-1999 – 20 pts
 - 2000-2999 – 30 pts
 - 3000-4000 – 40 pts
 - More than 4000 – 50 pts
- Status of Current RLF or Grant program – 10 pts
 - All funds in RLF or grant program are currently obligated/expended – 5pts
 - There is a waiting list for RLF or grant program – 5pts
- Focus on Minority-, Women-, or Veteran-Owned Business – 10 pts
- Community Applied to Phase One (1) but were not Awarded – 10 pts
- Regional Collaboration – 10 pts
- Participating in Hometown Business Preservation Initiative (HBPI) – 5 pts
- Collaboration with Local Main Street organization – 5 pts

PROGRAM DESIGN FACTORS (200 POINTS):

A maximum of 200 points awarded according to the evaluation in three areas:

Program Description – 50 points

Program Need – 70 points

Program Management - 70 points

Community Input – 10 points

The points in these categories are awarded by the OCRA Scoring Committee when evaluating the projects. Scoring questions for these categories are defined for each round and are provided to applicants that submit a proposal. The questions are subject to change each round. Applicants are encouraged work with their OCRA Community Liaison to identify ways to increase their project's competitiveness in these areas and of the application as a whole.